

**LUCARA**  
DIAMOND

**The Fasken Annual Seminar Series:  
International Deal Gateway  
(Americas/UK/Europe) Webinar**

**MARCH 4, 2021**



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# Cautionary Statement

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## Forward-looking information

Certain of the statements made and contained herein and elsewhere constitute forward-looking statements as defined in applicable securities laws. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. The Company believes that expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be accurate and such forward-looking information included herein should not be unduly relied upon.

In particular, this presentation may contain forward looking information pertaining to the following: the impact of the COVID-19 pandemic on the Company's operations and cash flows and its plans with respect to the Karowe underground expansion project; the estimates of the Company's mineral reserves and resources; estimates of the Company's production and sales volumes for the Karowe Diamond Mine; estimated costs for capital expenditures related to the Karowe Diamond Mine; production costs; exploration and development expenditures and reclamation costs; expectation of diamond prices and the potential for the supply agreement with HB Group to achieve both higher prices from the sale of polished diamonds and to provide more regular cash flow than in previous periods; expectation of diamond prices; changes to foreign currency exchange rates; assumptions and expectations related to the possible development of an underground mining operation at Karowe, including associated capital costs, financing strategies and timing; expectations in respect of the development and functionality of the technology related to the Clara platform, the intended benefits and performance of the Clara platform, including our ability to complete sales without viewing diamonds,


the growth of the Clara platform, the timing and frequency of sales on the Clara Platform, and the quantum of and timing for participation of third parties on the Clara platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation; and other risks and uncertainties described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com> (the "AIF").

There can be no assurance that such forward looking statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "COVID-19 Global Pandemic" in the "Risks and Uncertainties" section of the Company's most recent Annual Information Form available at <http://www.sedar.com>, as well as changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters).

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.

All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.





**High operating margin**  
sustained since production  
began in 2012

Consistent recovery of high value  
**+10.8ct diamonds**  
with additional realized input  
from high value coloured diamonds  
(blue, pink)

**3.2 million**  
carats sold

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**\$1.7 billion**  
in revenue in ~8 years

**Innovative design**  
First diamond mine to use state  
of the art XRT technology for  
primary diamond recovery

Total capital investment less than  
**\$200 million**

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**\$271 million**  
in dividends paid 2014 - 2019

Top of class, only mine in  
recorded history to ever recover  
**Two +1,000 carat diamonds**



## Historic Diamond Recoveries

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**Lucara has become renowned as one of the world's foremost producers of large, gem quality diamonds**



998 ct



1,758 ct  
Sewelô



813 ct  
Constellation



1,109 ct  
Lesedi La Rona



549 ct  
Sethunya

# Karowe Has Recovered 4 of the World's Largest Rough Diamonds

## Top Rough Diamonds Reported Recovered >300 Carats

Rank	Carats	Name	Country	Mine	Date
1	3106,75	Cullinan Diamond	South Africa	Premier Mine	1905
2	1758	Sewelô	Botswana	Karowe Mine	2019
3	1109	Lesedi La Rona	Botswana	Karowe Mine	2015
4	998		Botswana	Karowe Mine	2020
5	995,2	Excelsior Diamond	South Africa	Jagersfontein Mine	1893
6	969	Star of Sierra Leone	Sierra Leone	Diminco Mine	1973
7	910	Lesotho Legend	Lesotho	Letseng Mine	2018
8	890	Incomparable Diamond	DRC	Société Minière de Bakwanga	1984
9	813	The Constellation	Botswana	Karowe Mine	2015
10	793	Koh-i-Noor	India	Kollur Mine	13th Century
29	549	Sethunya	Botswana	Karowe Mine	2020
30	544		Botswana	Karowe Mine	2018
36	472,37		Botswana	Karowe Mine	2018
47	378		Botswana	Karowe Mine	2021
48	375,24		Botswana	Karowe Mine	2019
49	373		Botswana	Karowe Mine	2015
50	372,83		Botswana	Karowe Mine	2019
53	355,52		Botswana	Karowe Mine	2015
54	354,97		Botswana	Karowe Mine	2018
56	347		Botswana	Karowe Mine	2016
58	341,9	Queen of Kalahari	Botswana	Karowe Mine	2015
59	341,1		Botswana	Karowe Mine	2020
60	336,4		Botswana	Karowe Mine	2015
61	327,48		Botswana	Karowe Mine	2018
62	321,06		Botswana	Karowe Mine	2018

# 2020 Highlights

(All currency figures in U.S. Dollars, unless otherwise stated)

## Karowe Diamond Mine (100%)

Strong, safe, reliable production results;  
All physicals achieved to plan; Continued operations

Exceptional Recoveries – 998 carat high white diamond, 549 carat “Sethunya”, 341 carat, & 378 carat

Collaboration Agreements for the Sethunya & Sewelô with Louis Vuitton & HB Antwerp

Karowe Underground progresses

Diversification of sales channels:

- Groundbreaking supply partnership for specials (+10.8 carats) announced in July provides upside exposure through polished sales
- Small stone (<10.8 carats) tenders held in Antwerp
- Clara digital sales platform (<10.8 carats)

## Clara Diamond Solutions (100%)

Growth in customers from 35 to 76 participants

Third party sellers trialing the platform

23 sales in 2020; 39 sales since December 2018

Sales continued through COVID-19 pandemic



Sethunya, 549 carats

## Strong Balance Sheet & Liquidity

Strong cash position and available liquidity as COVID-19 pandemic continues

Cash and cash equivalents of \$4.6 million; Net debt of \$25.9 million (December 31, 2020)

\$10.5 million available on credit facility; New lender participating in the facility (December 31, 2020)

Market Cap ~C\$320 million



## COVID-19 Response

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### **Operations consistent, Diamond sales continue**

The Botswana Government declared mining an essential service in late March 2020 and recently extended the State of Emergency to the end of March 2021. Guidelines being followed include increased travel restrictions, work from home, implementation of social distancing and additional cleaning protocols.

We continue to focus on protecting the health and well-being of our employees, contractors and host communities and the financial well being of the Company. We've also contributed to the Botswana Government's COVID-19 Relief Fund and local initiatives.

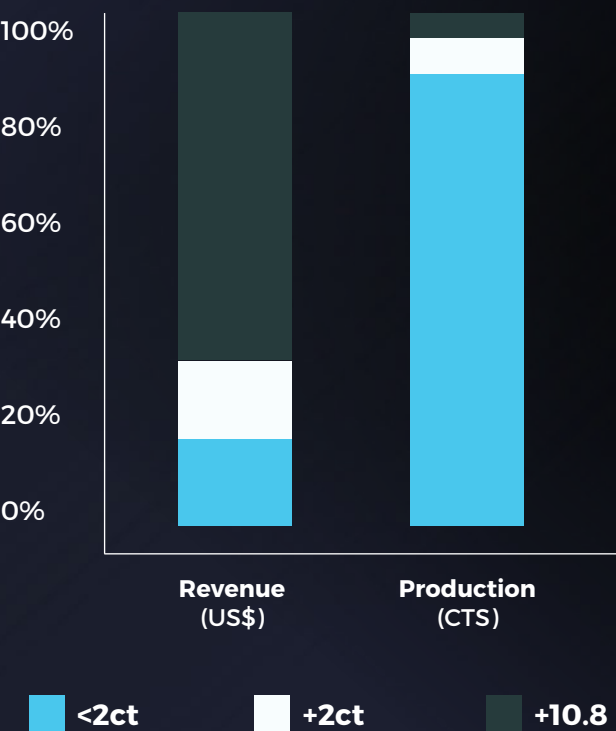
The Government of Botswana recently granted permission to conduct COVID-19 testing at our operations in Botswana. The Company has also constructed several isolation pods for use by the community in the Letlhakane area.

Diamond sales through HB Antwerp, Clara and quarterly tenders in Antwerp have continued.

# Consistent Recovery of Large Diamonds

Specials contribute ~70% by revenue and ~5% by volume

## Revenue and production includes 2015 to 2019

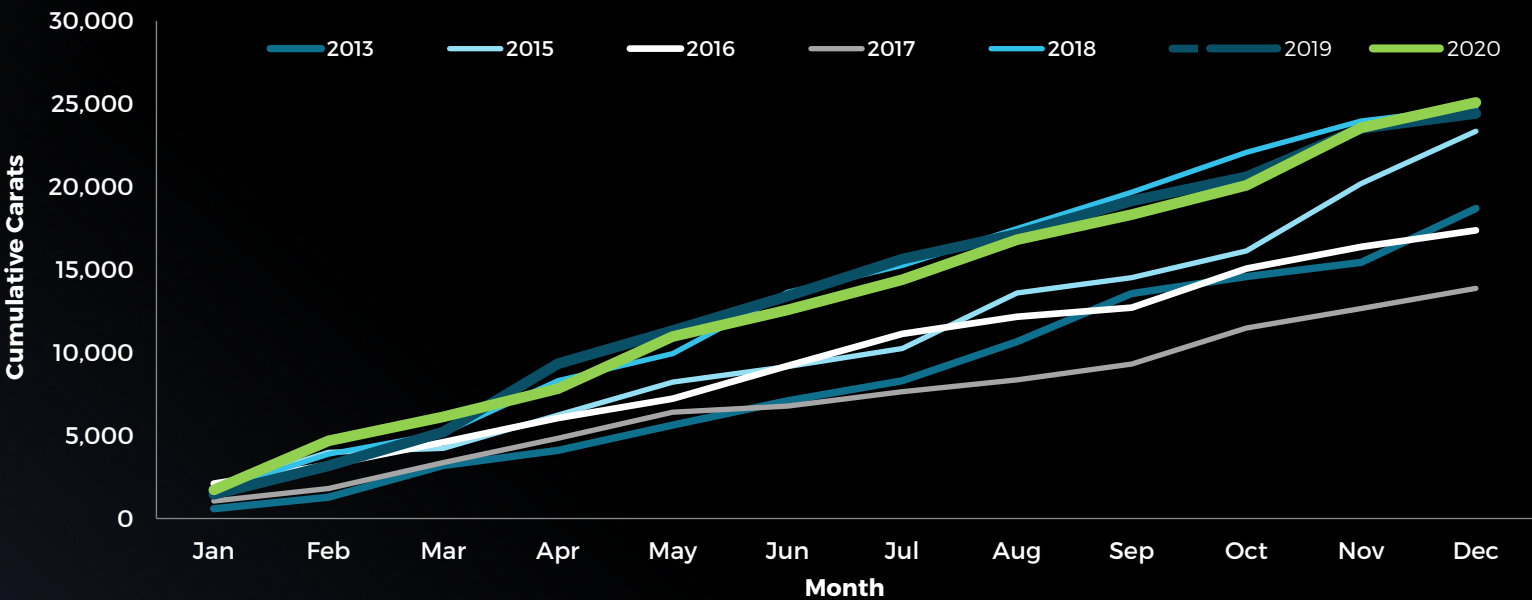


Life of mine recovery of +182,000 carats of individual stones > 10.8ct (over 6,200 diamonds; all sources)

Since 2012: 19 diamonds in excess of 300 carats have been recovered, including 2 diamonds > 1,000ct

10 diamonds sold for > US\$ 10 million each (not included in resource value models)

## Karowe Cumulative Specials (ct)

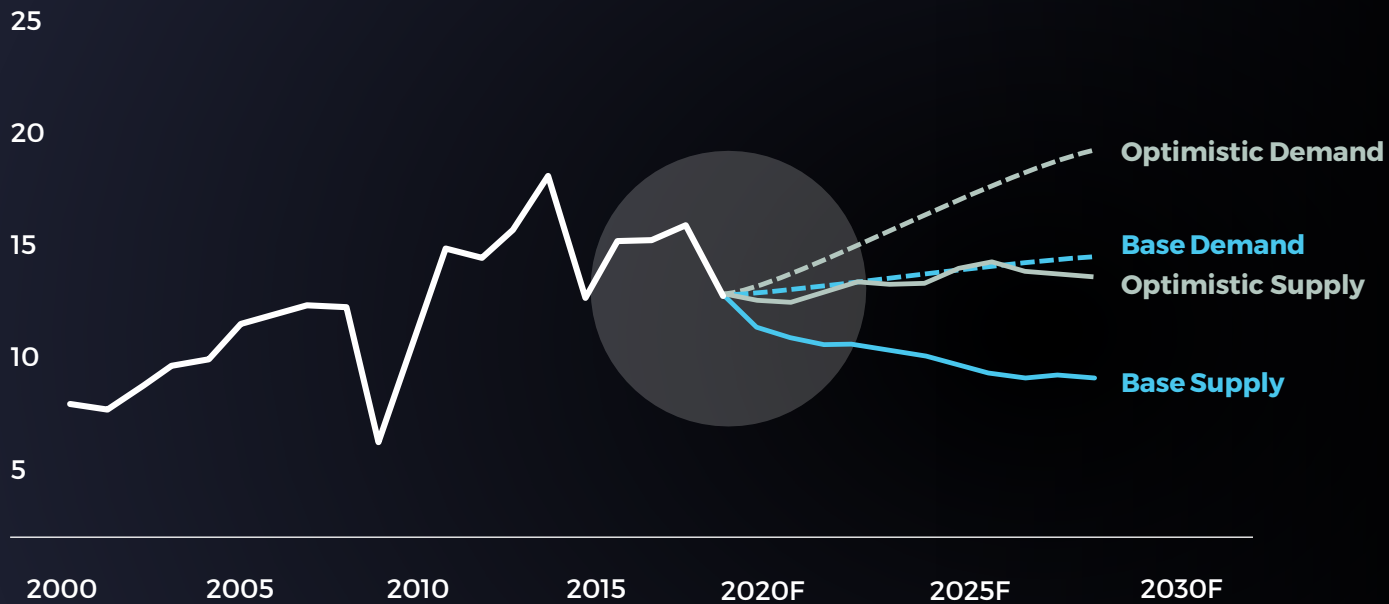




# Diamond Market

**Restocking activity in the midstream late 2020, continues in 2021 driving better prices; Longer term outlook remains strong supported by supply constraints**

Rough diamond supply and demand



Note: Rough-diamond demand has been converted from polished-diamond demand using a historical ratio of rough to polished diamond values Source: Bain & Company - Global Diamond Report



**Demand pick up in the US & China;  
Strong Retail Holiday Season**

## Supply Agreement with HB Antwerp

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### Sale of specials (+10.8 carats) 2020

**+10.8 carat stones** produced from the Karowe Mine

Initial price is based on an **estimated polished outcome**, determined through state of the art scanning and planning technology, with a **true-up paid** on actual achieved polished sales, less a fee and cost of manufacturing

**Regular cash flow** from the large, high value segment of production

Revenue from shipments in 2020, and recoveries to end of year, **will continue to be recognized in 2021**



Sethunya,  
549 carats

# Sewelô Collaboration with Louis Vuitton

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## Botswana's Largest Diamond

Sewelô “rare find”, an unbroken 1,758 carat near gem quality diamond recovered in April 2019

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Collaboration between Lucara (50%), Louis Vuitton (25%), HB Company (25%) – planning, cutting and polishing a collection of diamonds from Sewelô

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Lucara has received an upfront non-material payment from the JV partners; Lucara will participate in 50% of the proceeds of the polished diamonds that result

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5% of all the retail sales proceeds from the historic jewellery collection will be invested back into community-based initiatives in Botswana





# Collaboration Agreement on “Sethunya” with Louis Vuitton and HB Antwerp

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**November 2020**

**549 carat** white gem diamond “**Sethunya**”, meaning flower in Setswana, recovered from the Karowe Mine in February 2020

Lucara, Louis Vuitton and HB will collaborate and plan the creation of the **highest value polished diamonds** from the Sethunya rough, which will be made available **exclusively** to Louis Vuitton

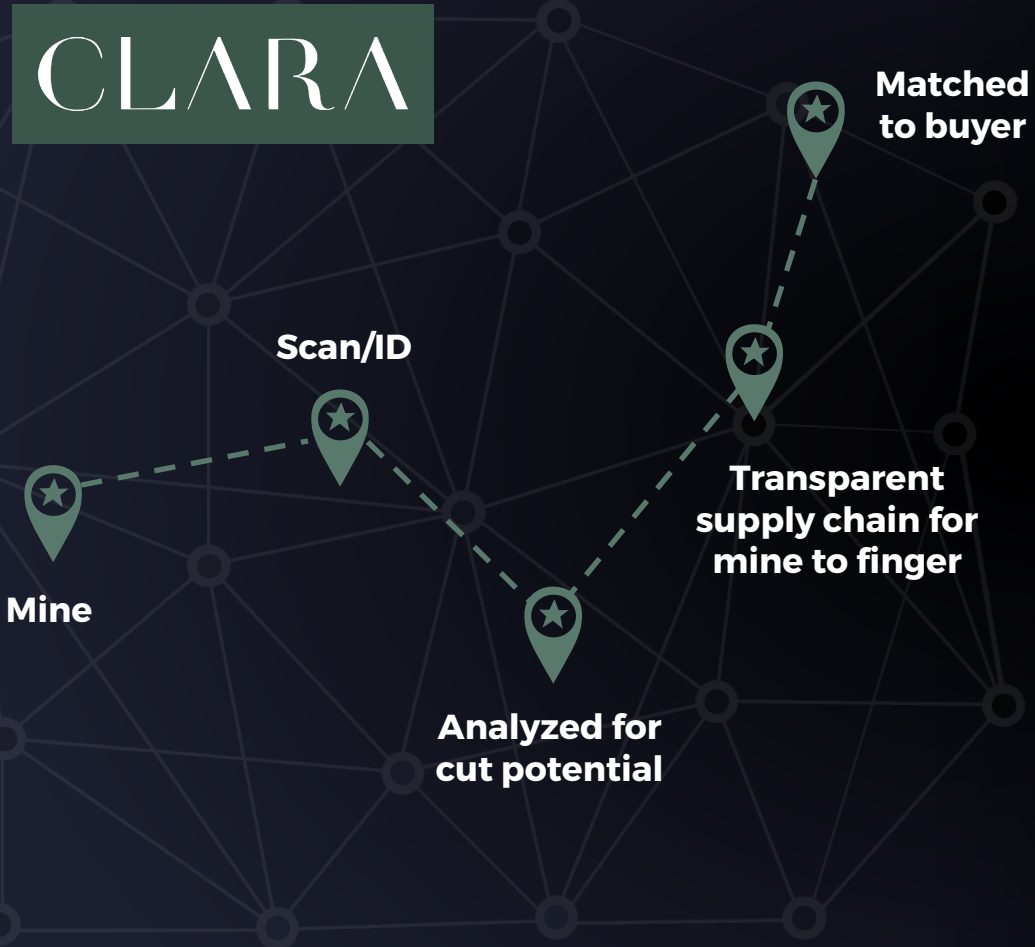
In line with its long tradition of personalisation, **Louis Vuitton** envisages crafting beautiful, bespoke and made-to-order, high value polished stones of variable size and shape; The opportunity to create a **storied family heirloom**

Lucara will receive payment based on the polished outcome no later than **Q4 2021**



# Transforming the Diamond Sales Process

## Using Innovation and Technology



Opportunity to disrupt the existing supply chain, driving efficiencies and unlocking value



Rough diamonds are sold stone by stone based on polished demand



Diamond provenance is assured



Exclusive collaboration with Sarine Technologies fundamental to the platform

# Clara

## Clara sales platform (<10.8 carat)

**42 sales** completed since inception  
**~US\$23.7 million** of diamonds sold by value through the platform

**Regular Sales** ongoing

**>15,000 carats** sold through the platform

Manufacturers on the platform have **significantly grown to 75** customers (180% increase in 2020)

Trials of third party supply **began in the third quarter** of 2020

Travel restrictions **accelerating adoption** of new technology in 2020



**CLARA**

**Forty-two sales between December 2018 and January 2021**  
**POSITIVE RESULTS**



**~\$23.7 million diamonds sold by value**  
between one and ten carats in size,  
in better colours and qualities



# Sales Channels 2020

## Sales through Clara, HB Antwerp and Tenders

- All +10.8 carat are sold through HB Antwerp; only high value Specials (+10.8 carats) are manufactured and sold as polished
- Higher quality diamonds between 1 and 10 carats are sold through Clara; all other diamonds less than 10.8 carats which are not extracted for sale on Clara are sold through a quarterly tender

Q4 2020 Rough Carats Sold	Q4 2020 Revenue Recognized (millions)	Q4 2020 Average Price per Carat	Sales Channel	2020 Rough Carats Sold	2020 Revenue Recognized (millions)	2020 Average Price per Carat
2,831 cts	\$ 4.0	\$ 1,425	CLARA	7,384 cts	\$ 10.7	\$ 1,452
13,045 cts	\$ 28.2	\$ 2,160 *		19,556 cts	\$ 55.2	\$ 2,822 *
89,772 cts	\$ 10.2	\$ 113	 LUCARA DIAMOND	346,808 cts	\$ 59.4	\$ 171
105,648 cts	\$ 42.4	\$ 402	Total Sales	373,748 cts	\$ 125.3	\$ 335

\* The Q4 and 2020 average price per carat sold through HB does not include several large, high value polished stones due to the timing of sales.



# Karowe Underground

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## Extending Mine-life to at least 2040

UG adds ~ **\$4 billion**  
in additional net revenue

NPV \$1,266 million/\$718 million  
(pre/post tax) @ 5%; **No real**  
**escalation** in price

**Conservative Price Assumptions:**  
highest value stones removed from  
the economic model

**EM/PK(S) unit** dominant;  
**Highest value** unit of Karowe ore  
body

**Mining license extended to 2046**  
**received Q4 2020**

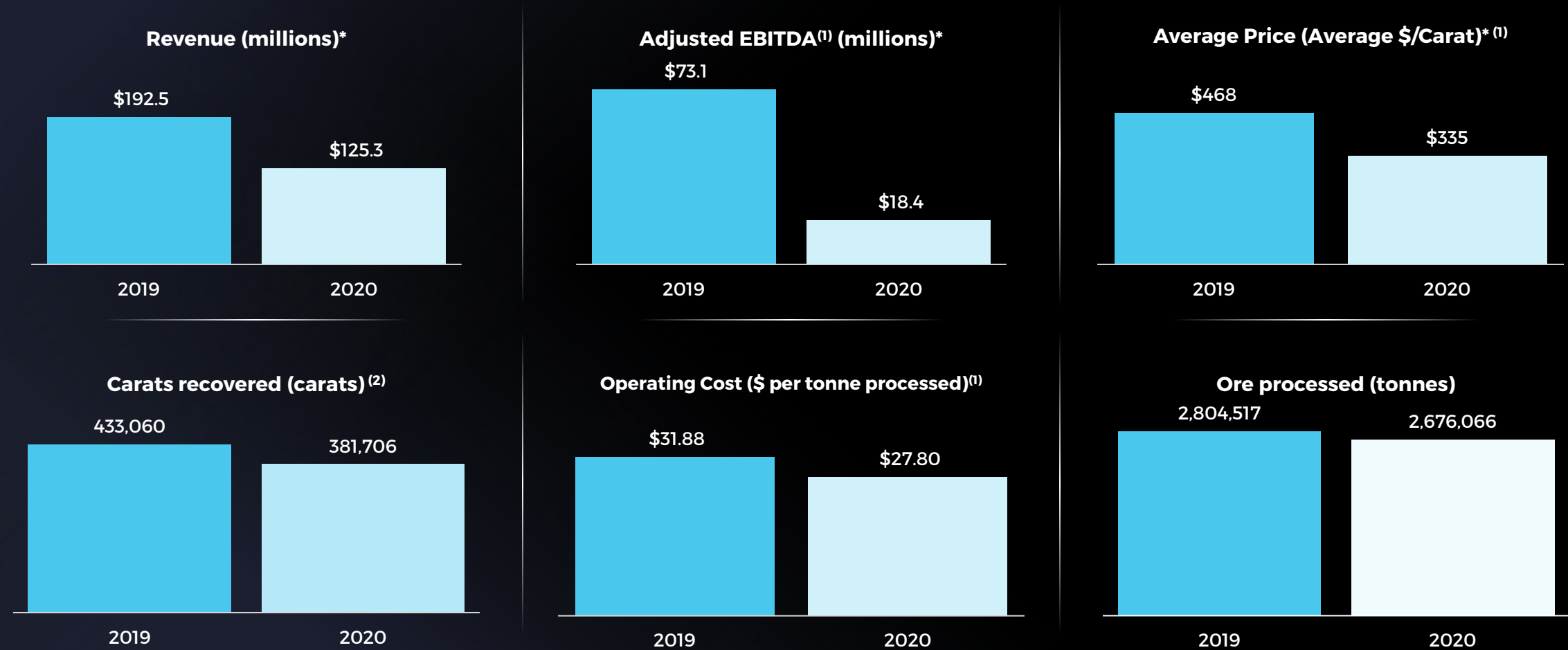
**Continue to progress debt**  
**financing options - targeting H2**  
**2021**





# 2020 Financial & Operational Highlights – Year Ending December 31, 2020

**Strong balance sheet, access to liquidity and no debt**  
**(All currency figures in U.S. Dollars)**



\*Revenue, EBITDA, and Average Price have been impacted by the timing of sales under the HB supply agreement

<sup>(1)</sup> Non-IFRS measure; <sup>(2)</sup> Carats recovered during 2019 included 29,990 carats recovered from re-processing historic recovery tailings



# Approach to Sustainability

Focused on transparency, the protection of our people and stakeholder engagement

Code of Business Conduct and Ethics

Whistleblower Policy

Responsible Mining Policy

Corporate Social Responsibility Charter

Lucara is certified by the Responsible Jewellery Council (RJC), compliant with the Kimberley Process, and a member of the Natural Diamond Council (NDC)

In 2018, Lucara became a UN GC participant and contributes to 10 of the 17 UN SDGs

Lucara's Sustainability Report is prepared in accordance with the GRI Standards: Core option, and selected G4 Mining and Metals Sector Disclosures



SUSTAINABLE DEVELOPMENT

# GOALS

17 GOALS TO TRANSFORM OUR WORLD



## Conclusion

**Lucara is a premier, mid-tier, investible diamond company, positioned for long term, sustainable growth**



High margin diamond producer



Botswana - a low risk jurisdiction



Strong balance sheet and available liquidity



Consistent recovery of high value Specials (+10.8 carats);  
Open pit mineable reserves to 2026 with underground  
expansion extending the mine life to at least 2040

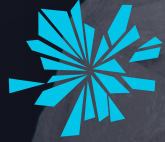


Asset diversification and additional revenue  
stream opportunity through Clara



1,758 carat Sewelô





**LUCARA**  
DIAMOND

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